Weekly Economic Review

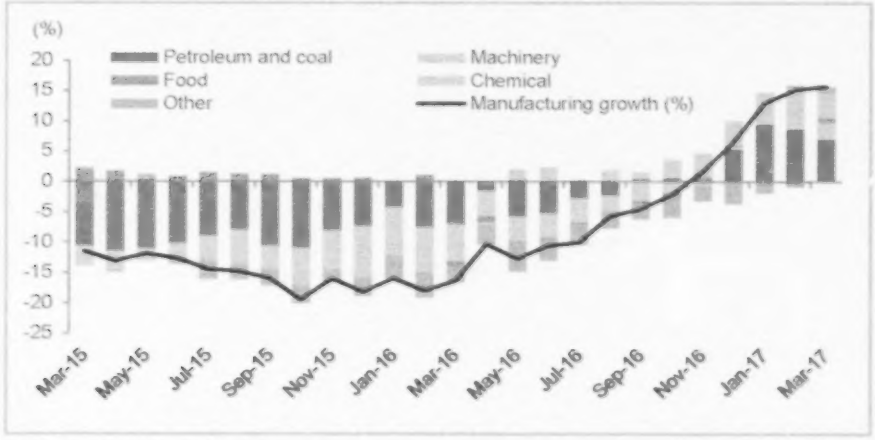
Manufacturing Strengthens In First Quarter

Manufacturing Shipments

Widespread recovery in shipments

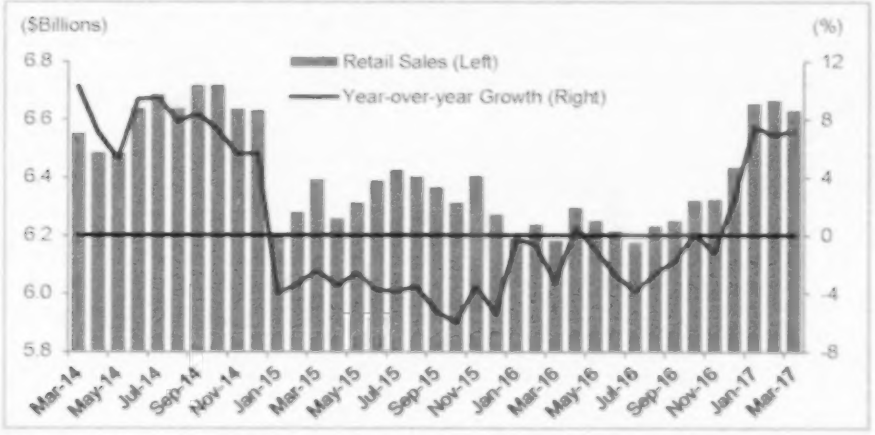
Alberta's manufacturing shipments increased for the fifth consecutive month, recovering nearly half of the losses incurred since 2014. The value of manufacturing shipments rose 1.6% month-over-month (m/m) to $5.8 billion in March as a result of higher shipments of food (+3.9% m/m), fabricated metals (+4.8% m/m), and chemical manufacturing (+1.4% m/m). These gains outweighed the weakness in petroleum and coal products(-0.7% m/m). On a year-over-year (y/y) basis, shipments increased 16% as machinery and equipment (+52% y/y) accelerated to its fastest pace in over five years. Overall, the first quarter of 2017 was particularly strong for manufacturing as shipments grew nearly 5% from the previous quarter and were up 15% from the previous year (Chart 1).

Chart 1: First quarter of 2017 particularly strong in manufacturing
Contributions to year-over-year change in manufacturing



Source: Statistics Canada

Chart 2: Retail sales have returned to pre-recession levels
Value and growth in Alberta's retail sales



Source: Statistics Canada

Retail Sales

Sales nearly fully recovered

Despite dipping in March, retail sales in Alberta have nearly rebounded back to the pre-recession peak. Retail sales pulled back by 0.5% m/m to $6.6 billion, but were 7.2% higher than a year ago (Chart 2). The majority of gains continued to be in motor vehicle and parts dealers (+17 y/y) and gasoline stations (+19% y/y). Other categories started to show signs of improvement, in particular sales at electronic and appliance stores (+15% y/y) and building materials and garden supply stores (+8.2% y/y). With more categories gaining ground, retail sales nearly recovered losses from the economic downturn and in March were 1.3% below the peak reached in October 2014.

Resale Housing

Major cities boost activity

Alberta's resale market continued to improve along with increased activity in Calgary and Edmonton. In April, the number of home sales grew 2.9% to 4,930 (seasonally adjusted), while new-listings increased 1.9% to 9,427 (seasonally adjusted). On a y/y basis, home sales jumped 13%, driven by gains in Calgary (15% y/y) and Edmonton (11% y/y). Conversely, home

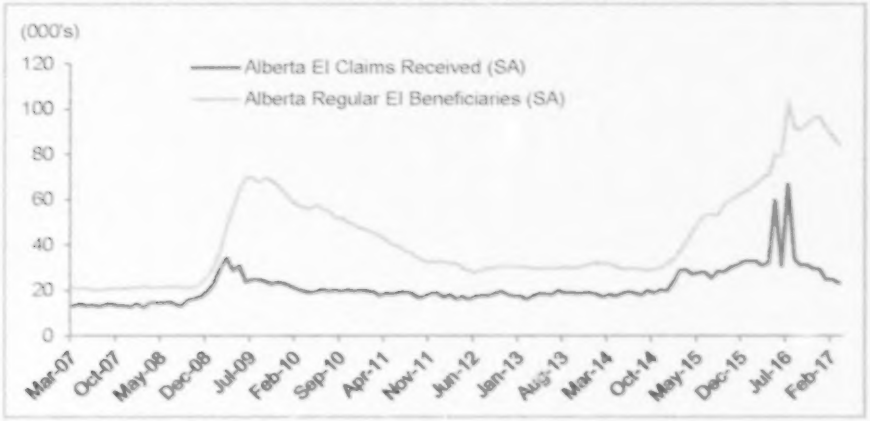
sales in the rest of Alberta continued to be weak, especially in South Central, Fort McMurray, and Lloydminster regions. The sale-to-new-listing ratio ticked up but remained balanced at 52.3. The average resale price in the province held relatively steady at $400,709, close to a record high.

Employment Insurance

Employment Insurance claims and beneficiaries falling

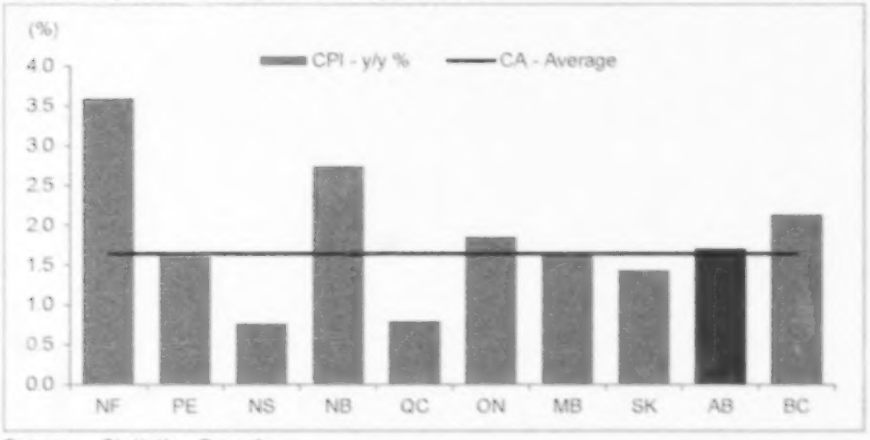
Employment Insurance (EI) claims and the number of Albertans receiving regular EI benefits continued to recede. In March, the number of EI claims fell 5.5% m/m to 23,370 the lowest level in two years (Chart 3). Year-over-year, the number of claims continued to moderate (-24% y/y), as there were fewer initial claims received (-38% y/y) and the pace of renewals slowed (+5.8% y/y). Although elevated, the number of Albertans receiving regular EI benefits declined (-4.1% m/m) for a third month in a row.

Chart 3: Initial claims and regular beneficiaries receding
Total claims received and number receiving regular EI benefits



Source: Statistics Canada

Chart 4: Alberta in-line with Canadian average
Year-over-year % change in CPI, by province



Source: Statistics Canada

Consumer Price Index

Energy costs rise in April

After easing for two months Alberta's inflation rate accelerated in April. The consumer price index (CPI) rose to 1.7% y/y driven by higher energy prices (+20% y/y). Prices of gasoline (+20% y/y) and natural gas (+44% y/y) jumped significantly compared to a year ago. Excluding energy, the year-over-year change in the CPI slowed from 0.9% in March to 0.6% in April, reaching a new six-year low. Lower prices for food (-1.3% y/y), rent (-1.6% y/y), and household furnishing and equipment (-2.2% y/y) continued to suppress the rate of inflation. Despite the monthly acceleration in Alberta's CPI, inflation remain in-line with the Canadian average of 1.6% y/y (Chart 4).

International Travelers

Visitors remain elevated

The number of visitors coming to Alberta picked up in March following the slower winter months. This rounded a strong first quarter growth of 7.7% compared to last year. Year-year-over growth slowed slightly due a decline in the number of US visitors (-3.0% y/y), which was mostly offset by a large increase in the number of non-US visitors (9.4% y/y). On the other hand, the number of Canadians travelers returning to Alberta rose 3.6% y/y largely from non-US destinations (9.4% y/y). Nationally, non-resident tourists visiting Canada declined 1.2% from a year ago.

Contact

Daniel Letcher 780.427.8845

Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.